

Procedure file

Basic information		
CNS - Consultation procedure Regulation	1998/0100(CNS)	Procedure completed
Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD Amended by 2001/0097(CNS) Amended by 2002/0227(CNS) Amended by 2003/0306(CNS) Amended by 2004/0054(CNS) Amended by 2004/0260(CNS) Subject 8.20.12 Enlargement's agricultural point of view		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development	PPE SONNEVELD Jan	26/11/1997
	Former committee responsible		
	AGRI Agriculture and Rural Development	PPE SONNEVELD Jan	26/11/1997
	Former committee for opinion		
	AFET Foreign Affairs, Security and Defense Policy	The committee decided not to give an opinion.	
	BUDG Budgets		03/06/1998
		V MÜLLER Edith	
	RELA External Economic Relations		25/06/1998
		PSE MONIZ Fernando	
	REGI Regional Policy		25/06/1998
		ELDR RYYNÄNEN Mirja	
Council of the European Union	ENVI Environment, Public Health and Consumer Protection		25/02/1998
		PSE MYLLER Riitta	
	CONT Budgetary Control	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	General Affairs	2192	21/06/1999

Key events			

18/03/1998	Legislative proposal published	COM(1998)0153	Summary
15/06/1998	Committee referral announced in Parliament		
27/10/1998	Vote in committee		Summary
27/10/1998	Committee report tabled for plenary, 1st reading/single reading	A4-0383/1998	
18/11/1998	Debate in Parliament		
19/11/1998	Decision by Parliament	T4-0672/1998	Summary
19/11/1998	Report referred back to committee		
20/04/1999	Vote in committee		Summary
20/04/1999	Committee report tabled for plenary, 1st reading/single reading	A4-0214/1999	
05/05/1999	Debate in Parliament		
06/05/1999	Decision by Parliament	T4-0437/1999	Summary
21/06/1999	Act adopted by Council after consultation of Parliament		
21/06/1999	End of procedure in Parliament		
26/06/1999	Final act published in Official Journal		

Technical information

Procedure reference	1998/0100(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by 2001/0097(CNS) Amended by 2002/0227(CNS) Amended by 2003/0306(CNS) Amended by 2004/0054(CNS) Amended by 2004/0260(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 308; Rules of Procedure EP 050
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/4/10032; AGRI/4/10566

Documentation gateway

Legislative proposal		COM(1998)0153 OJ C 150 16.05.1998, p. 0014	18/03/1998	EC	Summary
Document attached to the procedure		COM(1998)0182	18/03/1998	EC	
Committee report tabled for plenary, 1st reading/single reading		A4-0383/1998 OJ C 359 23.11.1998, p. 0004	27/10/1998	EP	
Text adopted by Parliament, partial vote at 1st reading/single reading		T4-0672/1998 OJ C 379 07.12.1998, p.	19/11/1998	EP	Summary

		0121-0156			
Committee of the Regions: opinion		CDR0273/1998 OJ C 093 06.04.1999, p. 0001	14/01/1999	CofR	
Economic and Social Committee: opinion, report		CES0070/1999 OJ C 101 12.04.1999, p. 0071	27/01/1999	ESC	
Supplementary legislative basic document		06923/1999	06/04/1999	CSL	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0214/1999 OJ C 279 01.10.1999, p. 0006	20/04/1999	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0437/1999 OJ C 279 01.10.1999, p. 0255-0365	06/05/1999	EP	Summary
Implementing legislative act		31999R2759 OJ L 331 23.12.1999, p. 0051-0054	22/12/1999	EU	
Implementing legislative act		32000R2222 OJ L 253 07.10.2000, p. 0005-0014	07/06/2000	EU	Summary
Non-legislative basic document		COM(2001)0341	03/07/2001	EC	Summary
Follow-up document		COM(2002)0434	30/07/2002	EC	Summary
Implementing legislative act		32002R2251 OJ L 343 18.12.2002, p. 0008-0009	17/12/2002	EU	Summary
Implementing legislative act		32003R0188 OJ L 027 01.02.2003, p. 0014-0015	31/01/2003	EU	Summary
Implementing legislative act		32003R0775 OJ L 112 06.05.2003, p. 0009-0009	05/05/2003	EU	
Follow-up document		COM(2003)0582	07/10/2003	EC	Summary
Court of Auditors: opinion, report		RCC0002/2004 OJ C 295 30.11.2004, p. 0001-0022	26/05/2004	CofA	Summary
Follow-up document		COM(2004)0851	05/01/2005	EC	Summary

Additional information

European Commission

[EUR-Lex](#)

Final act

[Regulation 1999/1268](#)

[OJ L 161 26.06.1999, p. 0087](#) Summary

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

OBJECTIVE: in the framework of the pre-accession strategy and Agenda 2000, to provide aid for agriculture and rural development to the applicant countries of central and eastern Europe in order to support their economic and social reform efforts and to facilitate the integration of their economies into the Community economy. SUBSTANCE: the aid concerns the ten applicant countries of central and eastern Europe: Czech Republic, Slovakia, Romania, Hungary, Poland, Bulgaria, Slovenia, Estonia, Lithuania and Latvia. Cyprus although a full applicant country is not affected by this aid. The aid covers the period 2000-2006 and takes the form of subsidies for co-financing of rural development

programmes with other resources from the public and private sectors of the applicant countries. It will be reviewed by the Council not later than 31 December 2006. Concentrating on priority needs for agriculture and rural development, measures concern in particular: - support for improving the efficiency of farms (including producer groups), - processing and distribution of agricultural and fishery products, - promotion of quality products, - veterinary and phytosanitary control, - improving land quality, its reparation and registration, - water resource management, - vocational training, - diversification of economic activities in rural areas, - agri-environmental and forestry measures, - improvement of rural infrastructures and rural villages (including the maintenance of rural heritage as well as technical assistance). Community support will be implemented in the form of multiannual programmes, following the guidelines and principles for operational programmes under the EU structural policy. These comprise in particular the principles of complementarity, partnership, additionality, the programming procedure, monitoring and evaluation. Compatibility with the accession partnership and the national programme for the adoption of the acquis must be ensured. Community interventions will be granted only to complement corresponding national aids. They should also bring added value to national initiatives. To implement these aids the Commission will be assisted by a committee responsible for monitoring the programmes. The resources currently provided amount to euro 500 million a year at constant 1997 prices and will be allocated under the EAGGF Guarantee Section. The funds will be allocated to the applicant countries according to objective criteria such as population and agricultural area, GDP in purchasing power and specific territorial situation. Provisions have been made with regard to action against fraud and publicity for aid. On accession to the Union the beneficiary countries will lose entitlement under this regulation. ?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

The committee adopted the report by Jan SONNEVELD (EPP, NL) on pre-accession support for agriculture and rural development in the Central and Eastern European Countries (CEEC) (consultation procedure, first reading) lays down political, economic and social conditions for the granting of this aid over the period in question (2000-2006). The aid is intended in the first instance to improve transport infrastructure and support environmental measures in connection with the adoption of the acquis communautaire and efforts to promote sustainable development. EU funds totalling EUR 520m per year will be provided from the agriculture budget. The applicant countries, says the committee, must adhere to their commitments to implement the reforms needed for accession, namely: they must not, in the hope of attracting foreign direct investment, grant third-country undertakings or products more favourable commercial or financial treatment than that afforded to their EU counterparts; they must swiftly bring their agro-industry up to the food standards of EU and world markets by means of structural improvements ("measurable progress should be evident within a very short time"). The committee also wants to add other points not included by the Commission. These relate to various sectors: rural infrastructure, coordinated reforestation, genetic diversity of plants and livestock, water quality, veterinary and plant health control, procedures to promote food safety, vocational training and retraining, and the establishment of an agricultural credit and rural banking system. The form and conditions for the payment of financial assistance must also be better defined, argues the report. It therefore calls for a Consultative Committee (made up of experts from the EU and applicant countries) to be set up to establish priorities. Lastly, the committee stresses that the measures being funded must be compatible with the reformed common agricultural policy. ?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

Following confirmation by the Commissioner, Mr Hans van den BROEK, that the Commission could not accept all the amendments adopted by plenary, the rapporteur, Mr Jan SONNEVELD (EPP, NL), requested referral back to committee of his report, which was agreed. A more flexible attitude on the part of the Commission with regard to the demands was hoped for. In its amendments Parliament stressed in particular the conditions for the granting of pre-accession aid. Parliament considered that the measures funded should be compatible with the reformed CAP and should not cause any distortion of competition with EU producers. Investments should be in accordance with Community legislation, in particular with regard to improving the efficiency of agricultural structures. Aid should also be designed to allow rapid adaptation of the sector to world and Community food standards. Parliament also stressed that pre-accession aid should be implemented as quickly as possible so as to avoid delaying the integration of the applicant countries into the Community market. It stressed the importance of rapid programming and flexible implementation of measures to take account of rapid economic and social development in the applicant countries. The beneficiary countries should respect their undertakings to implement the necessary reforms and should not grant the products of a third country more favourable financial or commercial treatment than that granted to Community products. Parliament also stressed various aspects not included by the Commission: - hygiene of food products and respect for quality standards, - reforestation, - organic farming, - genetic diversity, - water quality, - veterinary and plant health checks, - food safety, - vocational training, - establishment of a rural banking system and book-keeping in farming, - legal assistance for protection of private ownership. It also pointed out that the decentralisation of the management of aid should be undertaken with caution so as to ensure that the administrations of the applicant countries apply the same levels of checks as apply at Community level. Parliament also made amendments relating to procedures for payment of aid and comitology. It also urged that job creation measures should be planned from the programming stage onwards. Agri-environmental measures should also be planned throughout all the countries concerned. It did not share the Commission's view that up to 100% of the total eligible costs of certain measures should be covered. Lastly, it stressed that the measures financed under the EAGGF Guarantee Section should relate to the farming population, the agricultural area, GDP in per capita purchasing power and exceptional factors specific to the country. ?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

Following on from the outcome of the Berlin Summit (23.03.1999) and the overall agreement reached between the Fifteen on Agenda 2000, this text constitutes the Council's consolidated version regarding Community support for pre-accession measures for agriculture and rural development in the applicant countries of Central and Eastern Europe in the pre-accession period (2000-2006). With respect to the most important amendments introduced by the Council, it should be noted that aid will be very strictly linked to the conditions laid down by the accession partnerships of the countries concerned and that particular priority is given to consumer protection, in the framework of the eligible

actions. The Council, furthermore, introduced some modifications regarding the programming of actions by insisting on transparency of financial flows transferred in the beneficiary States. It also demanded that the plans of the countries concerned pay special attention to the improvement of markets, to quality and hygiene standards, as well as to actions seeking to create new jobs in rural areas. It also insisted on ensuring that the measures financed are in line with the objectives of the CAP, in particular the common organisation of markets and the objectives of the Structural Funds, so that these measures do not give rise to distortions on the national markets of the countries concerned. The Council set the maximum rate of the Community contribution at the level initially foreseen by the Commission : a maximum of 75% of eligible public expenditures. Lastly, the Council provided clarification about measures regarding the redistribution of aid when a beneficiary State loses its right, as a result of accession, to benefit from this Fund. It should be noted that the Berlin Summit set for indicative purposes at EUR 520 million per year the amount of pre-accession aid for agriculture over the 2000-2006 period.?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

The Committee has adopted a position broadly endorsing the package of Agenda 2000 farm reforms, in the light of the deal struck at the Berlin Summit and with certain reservations. Although the committee, chaired by Juan Luis COLINO SALAMANCA (PES, E), is not entirely happy with the Berlin agreement, it finds it more acceptable than the original, more drastic, Commission proposals and does not want to hold up the CAP reforms. "In many areas my Group is not satisfied ... but we cannot open up Pandora's Box again", said German Socialist Klaus REHDER, echoed by Livio FILIPI (EPP, I) who said: "We must be realistic. We have done what we can. Public opinion thinks the results are the best that can be obtained." The MEPs' main reservations are set out in a dozen compromise amendments adopted at the committee's last meeting before the European elections. These amendments reflect compromises hammered out with the Commission and Council and will be tabled in plenary next month, as the committee's "last word", replacing the amendments on those points adopted in plenary in November and January. The Dutch MEPs, Jan SONNEVELD (EPP) and Jan MULDER (ELDR), reporting on aid for the applicant countries and the financing of the CAP respectively, did not table any compromise amendments with the Commission and Council. This means that the amendments adopted in plenary in November and January will be tabled again in May. Mr Sonneveld calls in particular for a consultative committee to be set up to examine the reforms planned by the CEECs with a view to joining the EU, and for tighter financial controls. Mr Mulder's amendments leave open the suggestion of co-financing, or shifting some CAP funding to the Member States, although this has been ruled out by the Council. He also calls for a reserve to mop up unspent Guarantee funds. MEPs will debate the entire package of Agenda 2000 reforms. The farm legislation will probably be passed by the Agriculture Council. Although, under the consultation procedure, the content of the EP's formal opinions on the CAP reforms is not legally binding, the proposals cannot become law without them. They will also be an important political statement and will provide a basis for the work of the new parliament which will be faced with the next round of discussions on CAP financing. After Parliament postponed delivering its formal opinions on the CAP proposals in November and January because the Commission could not accept its amendments, the EP held a series of informal 'conciliation' talks with the Council, in which it was able to bring some pressure to bear, resulting in the Council accepting many of Parliament's demands.?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

In the context of the agreement reached at the Berlin Summit in March and under consultation procedure, the European Parliament adopted the second report by Jan Sonneveld (PPE,NL), which approves the Commission proposal for a Council regulation on Community support for pre-accession measures for Agricultural and Rural development in the applicant countries of Central and Eastern Europe in the Pre-Accession period, subject to the amendments adopted by the Parliament on 19/11/98.?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

PURPOSE: Community support for agricultural and rural development measures in the applicant countries. COMMUNITY MEASURE: Council Regulation 1268/1999/EC on Community support for pre-accession measures for agricultural and rural development (SAPARD) in the applicant countries of central and eastern Europe (CEECs) in the pre-accession period. CONTENT: In addition to providing support to sustainable agricultural and rural development in the CEECs, the Regulation seeks to solve problems affecting the long-term adjustment of the agricultural sector and rural areas, and to facilitate the implementation of the Community acquis in matters of the common agricultural policy and related policies. The following types of measure are eligible for support under the Regulation: - investment in agricultural holdings; - improving the processing and marketing of agricultural and fishery products; - improving structures for quality, veterinary and plant health controls in the interests of food quality and consumer protection; - agricultural production methods designed to protect the environment and maintain the countryside; - development and diversification of economic activities; - setting up relief and management services for farmers; - setting up producer groups; - renovation and development of villages and the protection and conservation of the rural heritage; - land improvement and reparation; - establishing and updating of land registers; - improvement of vocational training; - development and improvement of rural infrastructures; - water resources management; - forestry, including afforestation, investments in forest holdings owned by private forest owners and processing and marketing of forestry products; - technical assistance for the measures covered by this Regulation, including studies to assist with the preparation and monitoring of the programme, information and publicity campaigns. SAPARD is intended to complement corresponding national actions or contribute to these. It shall be established in close collaboration between the Commission, the applicant country, the competent authorities and bodies and the economic and social partners at the appropriate level. Such cooperation shall cover preparation, implementation including financing and appraisal, monitoring and evaluation of the measures. Measures for agriculture and sustainable rural development under this Regulation will be the subject of a plan drawn up at the most appropriate geographical level. The plan is prepared by the designated competent authorities and submitted by the CEECs to the Commission after the competent authorities and organisations at the appropriate level have been consulted. The plan will cover a period of seven years. Article 4 lays down the definitions and details concerning the content of plans. Development plans must give priority to measures to improve market efficiency, quality and health standards and measures to maintain jobs and create new employment opportunities in rural areas, with due

regard for provisions on the protection of the environment. Applicant countries should submit their plans within six months of the Regulation's entry into force. On the basis of these plans, the Commission has six months to approve the individual rural and agricultural development programmes. In order to assess their effectiveness, support for measures included in the programme shall be subject to prior and mid-term appraisal, on-going monitoring and ex post evaluation designed to appraise the success and impact with respect to the defined objectives. Monitoring will be carried out by reference to specific physical, environmental and financial indicators agreed and established beforehand. Applicant countries shall submit annual progress reports to the Commission. A monitoring committee will be established for each rural development programme. Resources: The financial contribution may take the form of advances, part-financing or financing. Within 3 months of the adoption of this Regulation, the Commission will inform each applicant country of its decision concerning the indicative 7-year financial allocation. The financial allocation is based on: - farming population; - agricultural area; - GDP in purchasing power; - specific territorial situation. Up to 2% of the annual allocation may be used to finance measures taken on the initiative of the Commission for preliminary studies, exchange visits, evaluations and controls. The Community will not normally contribute more than 75% of total eligible public expenditure. For revenue-generating investments, public aid may cover up to 50% of the total eligible cost, of which the Community contribution may amount to a maximum of 75%. The Committee on Agricultural Structures and Rural Development will assist the Commission in the implementation of this Regulation. The Commission is required to present an annual report on the Community support granted under this Regulation to, among others, the Council and the European Parliament. Programmes drawn up under this Regulation must be given appropriate publicity in the applicant countries. On acceding to the EU, countries lose their entitlement to support under the Regulation. The resources freed up will be redistributed among the other eligible countries. ENTRY INTO FORCE: 29.06.1999. The Regulation shall apply from 1 January 2000.?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

COMMUNITY MEASURE : Commission Regulation 2222/2000/EC laying down financial rules for the application of Council Regulation 1268/1999/EC on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.

CONTENT : in accordance with the provisions set out in Council Regulation 1266/1999/EC on the implementation of the Sapard instrument, this Regulation lays down financial rules for the application of Council Regulation 1268/1999/EC on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period. The Commission intends to require the applicant countries to respect these conditions by including them in financing agreements negotiated with each country.

These rules are inspired by the principles set out in the Common Agricultural Policy such as :

- a decentralised management approach organised through agencies in the applicant countries;
- the conformity of paying agencies with the EAGGF-Guarantee provisions;
- the agencies in the applicant countries will need to dispose of the payment function plus an implementation function, appropriate criteria necessary also for that function therefore need to be laid down;
- accreditation may also be provisionally granted subject to the respect of essential/minimum criteria;
- for the Commission to waive the ex ante approval and to confer management of the aid on an applicant country, the national accreditation of the Sapard agency in the applicant country needs to be approved;
- for Sapard purposes, the national fund in each applicant country be the competent authority which accredits the Sapard agency and supervises subsequent compliance with the accreditation criteria. The national authorising officer shall be the contact point for financial information between the Commission and the applicant country;
- laying down general provisions on the Structural Funds. The first commitment shall be made when the Commission lays down its decision approving the assistance. That model may, under these circumstances and with respect to the triggering of the Community budget commitment, be considered as an appropriate model to be applied mutatis mutandis to Sapard;
- the execution of ex post controls by the Commission. The EAGGF clearance of accounts procedure is an efficient system to audit payments of the decentralised agencies and, if necessary, to recover irregular or undue payments from the applicant countries.
- Sapard implementing rules should be fixed in bilateral agreements to be concluded between the Commission and each applicant country. The Commission and each applicant country should therefore draw up a multiannual financing agreement in which the conditions determining the use of the Sapard contribution will be set out. Annual financing agreements should set out the financial contribution of the Community.

ENTRY INTO FORCE : 07/06/2000.

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

This is the second report produced by the Commission on the Special Accession Programme for Agriculture and Rural Development, SAPARD. The first report, published in July 2001, gave an overview of the SAPARD instrument including the background to its introduction, the legal instruments upon which it is based, the financing arrangements, and the tasks to be accomplished before it could be operational. It must however be stressed that SAPARD is managed on a unique basis. With SAPARD the Commission is not involved in any such key points. For SAPARD it is the national authorities in the candidate countries which assume entire responsibility through fully "decentralised management". The Commission will nevertheless control, on an ex-post basis, that the funds are used in accordance with the applicable rules, namely by applying clearance of accounts procedures and financial correction mechanisms. Such management is very similar to that applied in Member States and contributes directly, and in a practical manner, to preparing for accession through administrative capacity building. By the end of the period covered by this report, the calendar year 2001, five of the ten countries eligible for support under SAPARD had secured Commission conferral of management decisions. They were thus able to begin to apply the instrument. The remaining five, as a result of dedicated, hard work by many people, continued to make good progress and in April 2002 two more countries, the Czech Republic and Slovakia had secured such decisions. As regards budget execution in respect of these seven countries, payments to date amount to 42 712

829 euro, of which 40 525 553 related to payments on account. Since the beginning SAPARD has raised high (and sometimes unrealistic) expectations in the candidate countries. The Commission on many occasions recalled the message given initially in mid 2000 that it was events not the calendar that would determine when SAPARD would begin to operate. This was done in an effort to raise general awareness of the need for various legislative, institutional and administrative requirements to be complied with by the candidate countries before implementation of the programme could begin. Despite efforts to deliver correct and complete information on SAPARD and its implications (through press, web sites, speeches), on occasion misleading information appeared in the press of the candidate countries. Such information indicating, for example, unrealistic deadlines and timetables on the start of SAPARD, contributed to a certain feeling of disappointment and frustration with the programme. However, good progress in implementing the instrument was made in all countries in 2001 so that by the time this report was adopted eight countries were able to apply it. This report, which for the first time includes contributions from several candidate countries, describes work done and results in 2001.?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

COMMUNITY MEASURE : Commission Regulation 2251/2002/EC amending Regulation 2759/1999/EC laying down rules for the application of Council Regulation 1268/1999/EC on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period. CONTENT : the objective of Regulation 1268/1999/EC is to solve priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in the applicant countries. Damage caused to agriculture and rural areas, including woodland, by exceptional natural disasters can constitute such problems as demonstrated by the flooding which in August 2002 caused considerable damage in various applicant countries. The Community needs to be able to respond appropriately to such exceptional natural disasters using various instruments including the pre-accession instrument set up under Regulation 1268/1999/EC. In this context, grant support for vocational training that contributes to the improvement of the occupational skill and competence of farmers and other persons involved in agricultural and forestry activities should be agreed with a view to their conversion. It is the aim of the present amending Regulation laying down the rules for the application which intends to authorise this type of support via an amendment of the application Regulation of the SAPARD Regulation. ENTRY INTO FORCE : 21.12.2002.?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

COMMUNITY MEASURE : Commission Regulation 188/2003/EC amending Regulation 2222/2000/EC laying down financial rules for the application of Council Regulation 1268/1999/EC on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period. CONTENT : Council Regulation 1268/1999/EC aims, inter alia, to solve priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in the applicant countries. Damage caused to agriculture and rural areas by exceptional natural disasters can constitute such problems as demonstrated by the flooding which in August 2002 caused considerable damage in various applicant countries. In this context, the Community needs to be able to respond appropriately to such exceptional natural disasters using various instruments including the pre-accession instrument set up under Regulation 1268/1999/EC (the pre-accession instrument). Commission Regulation 2222/2000/EC does not contain any particular provisions concerning the management of aid where the granting of such aid is related to, or affected by, an exceptional natural disaster. Such provisions should be laid down to permit appropriate and rapid action by the Community in the wake of such disasters. It is the aim of the present amending Regulation which intends to provide the cases of natural disasters as well as a number of specific rules for the payment of assistance (it is appropriate to extend for two years the time limit for use of appropriations for the annual allocations 2000 to 2002 to take account of the slowness of the decisions being taken on projects in the implementation of SAPARD programmes. ENTRY INTO FORCE : 04.02.2003.?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

This is the third report produced by the Commission on the Special Accession Programme for Agriculture and Rural Development, SAPARD. The first report could give relatively little information on operational aspects because then only two countries were in a position to apply it. The second report covered a period when five countries eligible for support under SAPARD were able to apply the instrument. Although these countries constituted half the eligible countries they accounted for less than one quarter of the total appropriations for all countries. In view of the situation just described, the Commission made clear that any assessment of the instrument on the basis of disbursement of Community budget resources risked giving a distorted image. However many criticisms were levelled at the SAPARD instrument often based on this disbursement. Since the report for 2001 was issued expenditure under the instrument has increased markedly. In particular, payments to final beneficiaries have risen sharply throughout 2002. For the declaration relating to the last quarter of 2002 they exceeded EUR 20 million. This was double that of the previous quarter which in turn was some three times that of the one before. This progress was achieved without payments other than on account being made to Poland and Romania, by far the two greatest beneficiary countries. However the Commission is still convinced that a proper assessment of the instrument must take account also of factors other than the rate of budget execution. There are several reasons for this : - for beneficiary countries under SAPARD, there is a time lag between commitments being made to final beneficiaries and the draw down from the budget of the corresponding Community co-financing aid. For all beneficiary countries there was a zero stock level of pre-existing commitments with final beneficiaries that could be eligible for Community co finance under SAPARD. Thus in order to get expenditure flowing to final beneficiaries from the Community under that instrument it was essential to build structures allowing aid to be granted and controlled (the key point being the conferral of management decision) after which commitments to these beneficiaries may be made. It is only these commitments that permit eligible expenditure to be incurred and subsequently reimbursed, and so charged to the Community budget. - the process of building the structures to apply aid schemes plays a role going beyond the impact it has in terms of budget execution under SAPARD. The existence of these structures has a positive impact on the capacity of each beneficiary country to absorb rural development funds post accession. The significance of that role cannot be measured in terms of budget execution under SAPARD. The crucial factor is the way in which SAPARD is managed in all beneficiary countries, namely on a fully "decentralised" basis. On

this point the instrument is unique in that the other pre-accession instruments, The challenge has been met successfully by all of the beneficiary countries. Decentralised management with rigorous preparation (and subsequent control) was also an action consistent with the view expressed by the European Parliament in its report accompanying the 2001 Discharge. The Commission also welcomes the contribution the SAPARD instrument has made to the enlargement process. It is now clear that many beneficiary countries want either to continue to use unchanged the structures built for SAPARD post accession (or at least to maintain much of them). This report describes the work done and results for 2002. However, it also includes certain developments that occurred in early 2003. As in the report for 2001 it includes a section based on contributions from the beneficiary countries. ?

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

PURPOSE : to present a European Court of Auditor's Report 2/2004 posing the question ? "Has SAPARD been well-managed?"

CONTENT : between 1999 and 2000 the pre-accession budget effectively doubled. This coincided with the 1998 Regulation setting up the SAPARD programme. Since its creation, Sapard has been unique amongst other EU financial programmes in that it is the first external aid programme to be implemented in a decentralised manner. The doubling of the pre-accession budget combined with the decentralised structure of Sapard has led the Court of Audit to prepare this Report and pose the question, "Has Sapard been well-managed".

The conclusions of the Report are varied. The Court of Auditors found that management has been of mixed qualities. The main finding of the Report are as follows:

- The Commission did not guarantee that implementation problems were actively and systematically identified and followed up. Nor did they ensure that best practices were applied in all the Sapard countries. According to the Court of Auditors the Commission sees its chief management role as one of monitoring - given the decentralised nature of Sapard.
- There were substantial delays in getting Sapard underway. A further criticism of the Report is that there has been too much emphasis on overly heavy administrative procedures. As a result budgets were systematically over estimated and large proportions of available funds unused. For example, in the first four years of implementation, only EUR 323 million ? or 14.8% of the available budget was paid to final beneficiaries.
- The Commission failed to report on how well Sapard had achieved its objectives and there was too much focus on institution building. The Court notes that institution building, though normally a prerogative of the PHARE programme, has been positive in terms of providing hands-on experience for the management of EU funds. It is, nevertheless, not the main priority of the Sapard programme.
- Money for agricultural processing has generally been spent on projects which increase the quantity of agricultural products ? more so than on projects which improve the quality of agricultural production.
- Potential beneficiaries have difficulties obtaining credit and have been faced with heavy administrative procedures. Sapard, thus, tends to favour the financially strong with sufficient capital or access to loans. This is a major handicap to smaller farms.
- General costs of up to 2% of total eligible costs may be charged to the project, which at the time of the audit were largely consultants' fees. According to the Court, there was typically no justification for the fees charged. Few checks are made ensuring that costs relate to the services provided or indeed that the services have been provided in the first place.

Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

The European Commission has presented the SAPARD annual report for the year 2003. Throughout this year, all SAPARD beneficiary countries continued the implementation of their programmes. In certain countries, additional measures envisaged were implemented. Agri-environmental measures are included in all SAPARD programmes in beneficiary countries except for Slovenia.

As regards investments in agricultural holdings, the most essential sectors in terms of requirements for acquis related investments are the livestock sectors and, to a certain extent, the wine, fruit and vegetable sectors. Investments in the crop sector are largely focused on rationalisation, mechanisation and the improvement of efficiency. As illustrated by Annex B, a significant share of the investments, with a few exceptions, relate to investments in these sectors.

Data from programme monitoring and the mid-term evaluation reports suggest that investments in the crop sectors have progressed faster than investments in the livestock sectors due to, inter alia, economic problems and a lack of financial resources available for the latter. The Commission is addressing this issue in the context of following up on the annual implementation reports and, where appropriate, the mid-term evaluation reports (MTE). This includes reviewing and, if necessary, adapting the programmes in accordance with the Multi-Annual Financing Agreement (MAFA), with the objective of improving access to the programme for the sectors requiring most support to prepare for accession, and to achieve balanced progress in all sectors covered by this measure.

As regards investments in food processing and marketing, the need for acquis related investments to meet acquis standards is most pressing within the dairy and meat processing sectors. Meeting EU standards is also important in the fishery, wine, fruit, and vegetable sectors. A significant share of investments under this measure relates to investments in the sectors with a tendency towards a higher activity level in the field of further processing. Investments in first stage processing, and in particular, slaughterhouses, develop at a slower pace. Data from programme monitoring and, where appropriate, the MTE suggest that there is a certain amount of deadweight investment, especially in the further processing sectors. The Commission is addressing these issues in the context of following up on the annual implementation and the MTE with a particular emphasis on reviewing the programmes with the objective of strengthening the focus of the programmes on acquis related investments and the preparation for accession.

As to the investments in rural infrastructure, the most important activities relate to investments in local roads, water supply and sewage systems with the level of investments depending on the situation in their respective rural communities and the objectives set out.

With regard to the investments in diversification in economic activities, the most important activities relate to investments in improvement and development of rural tourism facilities, small and medium sized food processing enterprises and local service providers.

As regards agri-environment measures, the progress made in preparing for the implementation of this measure varies as beneficiary countries have either focused efforts on improving efficiency in the implementation of already accredited measures with a view to increasing absorption, or have concentrated on preparing the post-accession agri-environment measures. In the Czech Republic and Slovakia, Commission decisions conferring management of aid for agri-environmental measures were taken. By the end of 2003, the Czech Republic contracted 36 projects committing a total of EUR 524 380 of SAPARD funds. The first payment made to the Czech Republic in January 2004 totalled EUR 124 756.

As regards the financial and budgetary issues, SAPARD budgetary allocations for commitments in the 2003 budget were set at EUR 564 million of which EUR 560 million was allocated to programme line B7-010, and EUR 4 million to the administrative management line B7-010A. On 23/12/2003, EUR 3,9 million, the amount not used by the Commission for administrative purposes under Article 7(4) of the SAPARD Regulation (line B7-010A), was made available to programme line B7-010 and was carried over to 2004. No appropriations were carried over from 2002 and no appropriations lapsed in 2003.

Payments made by the Commission to the beneficiary countries from the beginning of the programme to the end of 2003 amounted to EUR 417,6 million, of which EUR 207,6 million represented payments on account and EUR 210 million reimbursement payments based on expenditure declarations.